Application No. 09/586,722
Attorney Docket Number 2101197-991110

REMARKS/ARGUMENTS

§101 Rejections

The Examiner rejected claims 1-13 and 18-22 on the basis that the claims did not recite a connection to the use of a computer or other technology. Applicants have amended each of the independent claims to specify that they are directed to computer-implemented methods. Thus, Applicants respectfully assert that the §101 rejection has been overcome.

§102 Rejections

The Examiner rejected claims 1-22 under 35 U.S.C. §102(e), as being anticipated by U.S. Patent No. 6,321,205 of Eder ("Eder"). For the reasons stated below, Applicants assert that all of the pending claims are allowable over Eder.

General contextual comments

Eder and the present invention both refer to certain deficiencies of traditional financial accounting and reporting. Both utilize certain financial analysis techniques. However, Eder and the present invention in fact attempt to solve quite different problems, and are based on fundamentally different approaches.

The essential problem that Eder attempts to solve is incorporating intangible assets into business valuation. Eder proposes methods by which enterprise value can be calculated based on a combination of current asset values, value for current business operations, and future growth. (Eder at C6, L15-25). Eder describes methods by which the components used to calculate the value for current business operations – namely, revenue, expense, and capital – can be related to intangible "elements of value", such as brand names, the customer base, employees, strategic alliances, vendors, etc. More generally, Eder describes a system which enables a user to model how various "value drivers" influence the value of a business as determined by a combination of conventional business valuation techniques.

In complete contrast to Eder, the present invention is not concerned with the valuation of intangible assets and, although computations used in the present invention could indeed be used in the process of business valuation, their main purpose is not business valuation at a point in time but the measurement of value creation over time. The present invention

describes a new approach to measuring business performance which is based not on past transactions (as in traditional accounting), but on modeling the potential of a business to create value in future. Aspects of the present system that represent departures from traditional practice include:

- Focusing on individual value streams (both financial and non-financial) as the basic "unit of measure" for tracking value creation;
- Linking all assumptions about value streams to past or future events;
- Recognizing interdependencies between non-financial value streams and financial value streams;
- Designing the system to analyze value creation performance from the perspective of multiple stakeholders, rather than only shareholders as is the traditional practice;
- Designing a high degree of transparency into the system, by enabling users and groups of users to see for themselves the effect of utilizing various alternative sets of assumptions in varying levels of detail;
- Permitting stakeholders to interact directly with the system in real time to influence outcomes;
- Designing the system so that it is capable of generating continuously updated value creation outcomes in real time as events unfold.

Furthermore, as just outlined, the present invention assesses individual value streams based on assumptions tied to future events whereas, although Eder talks about "predictive models" (Fig. 1), these predictive models are based on mathematical relationships derived from *past* data (how past 'value drivers' related to past valuations over various past dates). Although Eder uses a variety of prior-art mathematic procedures (Markov Chains, Monte Carlo Methods, Neural Networks, Option-Valuing Equations, Genetic Algorithms, etc.), they are all focused on analyzing *past* data in order to optimize Eder's so-called "predictive models". Although such an approach can be useful for, say, short-term trading (where past volatility is likely to have some influence on tomorrow's price swings), it breaks down when one looks into a longer future that may involve new processes, new markets, new competitors not captured in past data. That is why the present invention focuses on *explicit assumptions* as to the *future*, with each assumption tied to future and past *events*, the assumptions changing over time as events occur.

The present system is the subject of several patent applications that are currently before the USPTO. Many of the disputed claims in the present case, serial no. 09/586,722, deal with aspects of the design of the present system that are intended to enable users to interact with the system in novel ways.

As will be asserted in more detail below, an issue considered in the design of the present invention is the credibility of the assumptions and events that are used to assess the value creation potential of the value streams of a business enterprise. With traditional financial reporting, the credibility of the numbers stems from the fact that they can all be traced to original transactions with third parties. Since the present invention deals with value streams extending into the future, however, it is not possible to base the credibility of the system on historical transactions.

Therefore the present system is designed so that users can examine for themselves the assumptions and events that are used to assess the value creation potential of the value streams of a business enterprise. There are several ways by which users can gain confidence in the assumptions and events. One way is to simply examine the assumptions and events built into a base case scenario. Another way is to alter the assumptions and events to create their own scenario, and view the impact that their changes had on the results. Another way would be to examine alternative scenarios created by other users, or groups of users.

Of course, in order to make the degree of transparency possible, there are ways of placing some constraints on the ability of users to interact with the system. For reasons of commercial confidentiality, not all users should necessarily have access to all events and assumptions. It might be appropriate to restrict certain users to a less detailed set of assumptions and events, while providing other users with access to a more detailed set of assumptions and events. It might be appropriate to permit users view the assumptions of some users and groups, but not other users and groups.

The present invention provides such advantages by:

- Placing all assumptions and events in a multi-level hierarchy;
- Creating a user authorization system that defines at what level in the multi-level hierarchy each user is permitted to access and alter variables;
- Selectively authorizing users to view the combined effect of designated user's or group's (pluralities of users) altered variables.

In order to facilitate this latter functionality, the present invention includes the concept of an "assumptions filter" that specifies the specific set of variables, based on the designated users and groups, that would be presented to a "calculation engine" in order to calculate outcomes based on the designated inputs.

Eder does not disclose any of the novel methods for enabling users to interact with and gain confidence in the assumptions and events in the model, as provided in the present invention. As with virtually every model, Eder specifies that users can alter variables. This is not new, nor is this what the present invention's claims are based upon.

Some of the disputed claims in the present application deal with a different aspect of the present system, which is the ability of the system to enable stakeholders to provide real-time feedback on the performance of the organization, from their perspective. Obtaining direct feedback from stakeholders in real time on specific aspects of enterprise performance, and incorporating that feedback directly into the calculation of value creation outcomes, is a novel aspect of the present system that is not anticipated by Eder.

Some of the disputed claims in the present application deal with a different aspect of the present system, which is the ability of the system to model value creation outcomes that are expressed as financial present values, as well as value creation outcomes that are expressed as non-financial metrics.

Another novel aspect of the present invention is that it generates both financial and non-financial outcomes: in the case of financial outcomes, expressed as present values, and in the case of non-financial outcomes, expressed as non-financial metrics.

Eder is an example of a modeling approach and system that is designed to generate outcomes that are expressed as financial present values. The output of the Eder system, as represented by Figures 14 and 15 of the Eder specification, consists of financial numbers, expressed as present values generated in accordance with the methods disclosed in Eder. In contrast to the present invention, Eder does not disclose methods for generating *non-financial* metrics as an output of the system.

In summary, while are some similarities in the way that Eder and the present invention describe the background problem, they immediately diverge into quite different solutions generating entirely different results based on fundamentally different approaches and methods.

However, because Eder and the present invention both adapt, in different ways, some time value of money concepts and techniques, there are some superficial similarities. These quickly disappear based on a careful technical analysis.

A. Claim 1.

With respect to claim 1, the Examiner asserts that Eder discloses "a method of processing data relating to the performance of a business enterprise in creating value, comprising: developing a data structure including assumed variables that have an influence on a value stream of the business enterprise, the assumed variables in said data structure being arranged in a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy (C11, L15-63). 'The Value of current-operation' is comprised of components revenue, expense and capital, which are further comprised of sub-components. Thus, the sub-components influence the components, which influence the value of current-operation.)"

The cited reference describes the methods in Eder which subdivide value of current-operation into Revenue, Expense and Capital components of value, further divide Expense and Capital into sub-components of value, and link the components and sub-components of value to tangible and intangible elements of value.

Two issues arise with respect to the above assertion:

1) Does Eder in fact disclose methods that relate to individual value streams of an enterprise?

2) Does Eder disclose methods relating to a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy?

1) Eder does not disclose methods that relate to individual value streams of an enterprise.

The present invention focuses on the analysis of "value streams." A value stream for a business enterprise is defined in the present invention as "an aggregation of financial and non-financial benefits flowing to the business and arising from a minimum set of activities that are necessary to give rise to the benefits." (Pending App. at page 9, lines 4-6). The

present specification points out that value streams can be historical or future, and financial or non-financial. (Id. at page 9).

As an example of how value streams work in the present invention, consider an individual drug that forms part of the portfolio of a pharmaceutical company. The value stream associated with that specific drug can be modeled as a stream of financial benefits flowing to the organization over time. In addition, if the drug happened to be a cure for cancer, there could also be non-financial benefits for many stakeholder classes, such as: for enterprise management and employees the enhancement of the company's reputation; for customers enhanced health and prolonged life. In both cases, the value streams could be related to a minimum set of activities required to give rise to the benefits: in this case, the company's development and promotional activities related to the specific drug.

A model in the present invention for such a pharmaceutical company would be concerned with analyzing the value streams associated with each individual drug in the company's portfolio.

By contrast, Eder does not disclose any methods for the analysis of individual value streams. At C11, L16-35, Eder breaks "value of current-operation" down into three components: Revenue, Expense, and Capital. Of these, the only one that could possibly bear any resemblance to a value stream as defined by the present invention is Revenue. But while Expense and Capital are further broken down into sub-components for analysis, Eder specifically notes that "the revenue value is not subdivided". Again at C19, L18 and C19, L22, Eder notes that "there is only one revenue component per enterprise" and "each enterprise has one revenue component".

Eder does not disclose methods for generating a value for Revenue based on modeling revenue streams for individual products or technologies. Rather, Eder is focused on analysis of "elements of value". As per C11, L39-52, "for the calculations completed by [Eder], an element of value will be defined as 'an identifiable entity or group that as a result of past transactions has provided and is expected to provide economic benefit to the enterprise.' ... Predictive models are used to determine the percentage of: the revenue value, the expense value sub-components, and the capital value sub-components that are attributable to each

element of value. The resulting values will then be added together to determine the valuation for different elements as shown by the example in Table 4."

Comparing Eder's definition of "elements of value" and the present invention's definition of value streams demonstrates that we are dealing with quite different concepts. Eder's "identifiable entity or group" is clearly not the same as the present invention's "aggregation of financial and non-financial benefits flowing to the business and arising from a minimum set of activities that are necessary to give rise to the benefits". These differences are entirely consistent with the fundamentally different approaches taken by Eder and the present invention. The methods that Eder discloses are focused on calculating the valuation of tangible and intangible assets as a percentage of the total valuation for the enterprise as of a specific point in time. By contrast, the methods of the present invention focus on modeling the value potential of individual value streams over time and while, in aggregate, the present value of all value streams provides a value of the overall enterprise, enterprise valuation is not their prime purpose or focus. In sum, Eder does not disclose methods that relate to individual value streams of a business enterprise, as required by claim 1.

2) *Eder does not disclose methods relating to a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy.*

The claimed invention recites a multi-level hierarchy in which each assumed variable at a lower, more detailed level in the hierarchy influence one or more assumed variables positioned at a higher less detailed level in the hierarchy. Thus, the claimed hierarchy may provide a "many to many" relationship between variables at different levels in the hierarchy.

The claimed hierarchy therefore involves more than Eder's division of a component of value into sub-components of value. The sub-components of value in the Eder hierarchy can by definition only influence one variable at a higher level, since they are simply subdivisions of that higher level. The sub-components of Expense value cannot by definition influence any other value than the Expense component of value. The Eder hierarchy is only a many to one relationship, and cannot influence more than one variable at a higher level in the hierarchy.

3) Eder does not disclose determining a first outcome for the value stream

The Examiner goes on to assert that Eder discloses methods related to "determining a first outcome for the value stream of the business enterprise based on the assumed variables (C12, L1-30; The component values are calculated to determine the operation value.)"

As noted in subsection (1) above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

4) Eder does not disclose authorizing a first user to alter variables

The Examiner goes on to assert that Eder discloses methods related to "authorizing a user to alter one or more of the assumed variables according to a level of the hierarchy in which the assumed variables are positioned (C20, L14-22, C21, L34-C22, L8; Users can alter the variables when performing the calculations.)"

C20, L14-21 of Eder refers to the ability of Eder users to redefine previously stored component and sub-component definitions, and store the redefined definitions in the database.

C21, L34-C22, L8 of Eder refers to the ability of users to enter data relating to growth options and related scenarios.

However, the claimed method does not relate to the simple ability of users to enter data into a model. The claimed method relates to *authorization* of users to alter variables ***according to a level of the hierarchy in which the assumed variables are positioned.***

Eder refers to no such methods. There is no reference anywhere in Eder to "authorization" of users to do or not do anything. More specifically, Eder does not disclose methods relating to a*uthorizing a user to alter variables according to a level of the hierarchy in which the assumed variables are positioned.* For instance, Eder does not describe methods that would authorize some users to alter variables related to the Expense component of value (i.e., one level in a hierarchy), and authorizing other users to alter variables related to Expense sub-components of value, at another level in a hierarchy.

5) Eder does not disclose determining a second outcome for the value stream

The Examiner goes on to assert that Eder discloses methods related to "determining a second outcome for the value stream of the business enterprise taking into account the altered assumed variables (C6, L44-64; C23, L12-15; The system allows the user to generate changes in the variables when performing the calculations.)."

As noted in subsection (1) above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

For all the reasons stated above, it is not possible, Eder does not anticipate claim 1.

B. Claim 2.

With respect to claim 2, the Examiner asserts that Eder discloses "the method according to claim 1, wherein the first outcome includes a present financial value of the value stream (C12, L1-30; Revenue, expense and capital are indicative of financial value.)"

As noted in section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise. Thus, for all of the reasons listed above, Eder does not anticipate claim 2.

C. Claim 3.

Claim 3 depends from claim 1. Therefore, for all of the reasons listed above, Eder does not anticipate claim 3. Claim 3 is further independently patentable over Eder for the following reasons.

With respect to claim 3, the Examiner asserts that "Eder discloses the method according to claim 1, wherein the first outcome includes a non-financial metric (col. 19, lines 27-30; Figure 5B; the first outcome can also include non-financial data.)"

C19, L27-30 of Eder refers to "other (non-financial, non production) assets, liabilities, and two capital sub-components of that are not used directly in the valuation calculation (production equipment and equity)."

The context makes it clear that what is being described in Eder are the sub-components of the Capital component of value, which is used in the calculation of Value of current-operation. What Eder is describing in the above reference are non-financial assets, not non-financial metrics.

In the pending application, "non-financial value streams are quantified by various metrics that measure value creation performance of the business enterprise with respect to the value creation expectations of stakeholders. Those value creation expectations are related to benefits that are not readily reducible to cash and cash equivalents. A non-financial outcome is an expected quantification, such as a numeric value or a yes/no result, expected to result from a particular non-financial value stream." (Pending App. at page 19).

The Eder reference above is clearly describing an input or intermediate value, not an outcome.

Therefore, the claimed methods related to expressing a non-financial outcome of a value stream in the form of a non-financial metric are not disclosed by Eder, and claim 3 is further patentable on this separated and independent basis.

D. Claim 4.

Claim 4 depends from claim 1. Therefore, for all of the reasons listed above, Eder does not anticipate claim 4. Claim 4 is further independently patentable over Eder for the following reasons.

With respect to claim 4, the Examiner asserts that Eder "discloses the method according to claim 1, further comprising: authorizing each of a plurality of users to alter the assumed variables according to a level of the hierarchy in which the assumed variables are positioned (citing abstract; C20, L14-22; C21, L34 - C22, L8; Figure 5A; Users can alter the variables when performing the calculations); storing, for each altered assumed variable, an identification of the user who made the alteration (citing C6, L44-64; C8, L1-30; C9, L53 - C10, L1; C10, L6-18; Figures 4, 5A, 5B and 16; Users can track the changes they make in the system over time. User input is also stored in the databases.), and determining alternate outcomes for the value stream of the business enterprise taking into account selected aggregations of the altered assumed variables wherein the selected aggregations are formed

according to the stored identifications (citing C6, L44-64; C20, L18-22; Figure 1; The system determines alternate outcomes based on the altered data.)"

As noted in Section A.4. above, the issue is not whether users can change variables, but the manner in which they are authorized to change variables, related to the level in the hierarchy in which the assumed variables are positioned. Eder does not disclose this.

Furthermore, the Eder specification makes no reference to authorizing a plurality of users each to store aggregations of altered variables in such a way that the altered variables can be retrieved based on the identity of the user. Eder does not disclose methods for one user to retrieve the altered assumptions of another user in order to view the outcomes for a value stream of a business enterprise based on the other user's assumptions.

E. Claims 5 and 18.

With respect to claims 5 and 18, the Examiner asserts that Eder "discloses a method of processing data related to the performance of a business enterprise in creating value, comprising developing a data structure including a plurality of assumed variables that have an influence on a value stream of the business enterprise, the data structure having a portion that defines a base case scenario for the business enterprise (citing C11, L15-63; The 'Value of current-operation' is comprised of components revenue, expense and capital, which are further comprised of sub-components. Thus, the sub-components influence the components, which influence the value of current-operation)"; and "determining an outcome for the value stream of the business enterprise based on the assumed variables of the base case scenario (C12, L1-30); the components values are calculated to determine the operation value."

As noted in Section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise. In addition, while Eder mentions scenarios, principally in connection with growth options, there is no mention anywhere in Eder of the concept of a "base case" scenario.

The Examiner goes on to assert that Eder discloses methods for "altering, by a plurality of users, selected ones of the plurality of assumed variables" (citing C20, L14-22, C21, L34-C22, L8; Users can alter the variables when performing the calculations); "storing each altered assumed variable in the data structure in association with an identifier of the user

who made the alteration, and maintaining the assumed variables of the base case scenario unchanged by the plurality of users (citing C6, L44-64, C8, L1-30; C9, line 53-C10, L1; C10, L6-8; Figures 4, 5A, 5B, and 16); and "aggregating selected ones of the altered assumed variables and selected ones of the assumed variables of the base case scenario to form one or more alternate scenarios" (citing C11, L36-52).

C6, L44-64 of Eder refers to the Eder system giving a user the ability to track changes in value over time.

C8, L1-30 of Eder refers to the fact that the Eder system stores user input.

C9, L53 - C10, L1 refers to the fact that the Eder system receives user input.

C10, L6-8 refers to user-provided input.

Figures 4, 5A, 5B and 16 all demonstrate that in the Eder system, user input is provided and stored in the database.

C11, L36-52 of Eder refers to the methods by which components and sub-components of value are related to tangible and intangible elements of value.

However, none of what is described by the above references is what is at issue. Every model of this sort enables users to provide input to the model. But what the present invention describes is something quite different from the simple ability of users to provide input.

The present invention describes a system in which a plurality of users are each able to specify their own set of alterations to the variables in the base case scenario *without actually altering the variables in the base case scenario,* or as recited in the claims, *"maintaining the assumed variables of the base case scenario unchanged by the plurality of users."*

All of the references cited above with respect to Eder describe methods by which users alter the data or variables in the Eder model.

By contrast, in the claimed methods users do not directly change the data or variables in the base case scenario. Instead, the users specify, and store, specific alterations to the assumed variables in the base case, linked specifically to their identity as users. In effect,

each user is able to define their own unique scenario, based on a combination of base case scenario variables, and the specific variables that they have chosen to alter.

There is no suggestion in Eder that users are able to define and store in a database unique alternative scenarios to a base case scenario that are specific to each user, and that combine variables drawn from the base case scenario as well as user-altered variables.

The Examiner goes on the assert that Eder discloses "determining an outcome for the value stream of the business enterprise based on each of the alternate scenarios (citing C6, L44-64; C20, L18-22; Figure 1; The system determines alternate outcomes based on the altered data.)"

Again, the issue is not whether users can alter variables which the system uses to generate an outcome. User input *by itself* is not novel.

Rather the issue is whether the system supports the creation of multiple user-specific alternative scenarios, each of which combines variables from a base case scenario plus altered variables as specified by each user, each of which can be used to generate an outcome from the system, without actually changing the base case scenario.

For all of these separated and independent reasons, the claims 5 and 18 are not anticipated in Eder.

F. Claims 6 and 19.

Claims 6 and 19 depend from claims 5 and 18, respectively. Therefore, for all of the reasons listed in Section E., Eder does not anticipate claims 6 and 19. Claims 6 and 19 are further independently patentable over Eder for the following reasons.

With respect to claims 6 and 19, the Examiner asserts that Eder "discloses the method according to claims 5 and 18, wherein the assumed variables are arranged in a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy (citing C11, L15-63; The "Value of current-operation" is comprised of components revenue, expense and

capital, which are further comprised of sub-components. Thus the sub-components influence the components, which influence the value of current-operation.)"

As noted in Section A.2. above, the Eder multi-level hierarchy is not the same as the claimed multi-level hierarchy.

G. Claims 7 and 20.

Claims 7 and 20 depend from claims 6 and 19, respectively. Therefore, for all of the reasons listed in Sections E. and F., Eder does not anticipate claims 7 and 20. Claims 6 and 19 are further independently patentable over Eder for the following reasons.

With respect to claims 7 and 20, the Examiner asserts that Eder "discloses the method according to claims 6 and 19 wherein said altering further comprises authorizing each of the users to alter the assumed variables according to a level of the hierarchy in which the assumed variables are positioned (citing C20, L14-22; C21, L34 - C22, L8; Users can alter the variables when performing the calculations.)"

As noted in Section A.4. above, Eder does not disclose methods related to authorizing users to alter variables related to a level of the hierarchy in which the assumed variables are positioned.

H. Claims 8 and 21.

Claims 8 and 21 depend from claims 5 and 18, respectively. Therefore, for all of the reasons listed in Section E., Eder does not anticipate claims 8 and 21. Claims 8 and 21 are further independently patentable over Eder for the following reasons.

With respect to claims 8 and 21, the Examiner asserts that Eder "discloses the method according to claims 5 and 18, wherein the outcome of the based case scenario includes a present financial value of the value stream (citing C12, L1-30; Revenue, expense and capital are indicative of financial value.)"

As noted in Section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

L. Claim 9.

Claim 9 depends from claim 8. Therefore, for all of the reasons listed in Section H., Eder does not anticipate claim 9. Claim 9 is further independently patentable over Eder for the following reasons.

With respect to claim 9, the Examiner asserts that Eder "discloses the method according to claim 8, wherein the outcome of the base case scenario includes a non-financial metric (citing C19, L27-30; Figure 5B; The first outcome can also include non-financial data."

As noted in Section C. above, Eder does not disclose the present methods related to expressing a non-financial outcome of a value stream in the form of a non-financial metric.

J. Claim 10.

With respect to claim 10, the Examiner asserts that Eder "discloses a method of processing data relating to the performance of a business enterprise in creating value, comprising: developing a data structure including a plurality of assumed variables that have an influence on a value stream of the business enterprise, the data structure having a portion which defines a base case scenario for the business enterprise (citing C11, L15-63; "The Value of current-operation" is comprised of components revenue, expense and capital, which are further comprised of sub-components. Thus, the sub-components influence the components, which influence the value of current-operation.)"

As noted in Section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

The Examiner goes on to assert that Eder discloses methods for "determining an outcome for the value stream of the business enterprise based upon the assumed variables of the based case scenario (citing C12, L1-30; The component values are calculated to determine the operation value)"; "providing real-time feedback, by each of a plurality of

users, on the value creation performance of the business enterprise (citing C20, L14-22; C21. L34 - C22, L8: Users can alter the variables when performing the calculations)"; "storing the real-time feedback in the data structure in association with an identifier of the user who provided each portion of the feedback, and maintaining the assumed variables of the base case scenario unchanged by the plurality of users (citing C6, L44-64, C8, L1-30; C9, L53-C10, L1; C10, L6-8; Figures 4, 5A, 5B, and 16: Users can track the changes they make in the system over time. User input is also stored in databases)"; "aggregating selected ones of the portions of the feedback and selected ones of the assumed variables of the base case scenario (citing C11, L36-52: resulting values can be added together to form alternate scenarios)"; and "determining an outcome for the value stream of the business enterprise based upon the selected ones of the portions of the feedback and the selected ones of the assumed variable of the based case scenario (citing C6, L44-64, C20, L18-22; Figure 1: The system determines alternate outcomes based on the altered data)."

For all of the reasons set forth in Section E. above, these Eder references do not read on the cited claim limitations.

In addition to all of these reasons, claim 10 is further patentable over Eder because Eder does not provide for "real time feedback" from users. The pending application indicates that among the target users of the system are various stakeholders of the organization, and also describes features of the system that are designed to enable stakeholders to provide real-time feedback on the performance of the organization, from their own specific perspective. For example, "Customers could be given the opportunity to provide their own feedback, from their perspective, on Company A's on-time performance. If their feedback confirmed the internal information maintained by the company, this feedback would serve the validate the calculations with respect to customer value creation. On the other hand, if the feedback from the customer stakeholders indicated significant differences from the company's internal information, this could be indicative of incorrect internal information, or alternative, incorrect perceptions on the part of customers. In either case, this information would alert Company A's management to the need for action to address the problem. Figure 21 illustrates various metrics for which feedback may be provided by users or stakeholders in accordance with the present invention." (Pending App. at pages 37-38).

There is nothing in the Eder specification that discloses methods to permit users who are stakeholders to provide real-time feedback on the performance of the organization, in such a way that the provided feedback influences the calculation of value creation outcomes. This is another novel aspect of the claimed invention that is not anticipated by Eder.

K. Claim 11.

Claim 11 depends from claim 10. Therefore, for all of the reasons listed in Section J., Eder does not anticipate claim 11. Claim 11 is further independently patentable over Eder for the following reasons.

With respect to claim 11, the Examiner asserts that Eder "discloses the method according to Claim 10, wherein the assumed variables are arranged in a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy (citing C11, L15-63; The "Value of current-operation" is comprised of components revenue, expense and capital, which are further comprised of sub-components. Thus the sub-components influence the components, which influence the value of current-operation.)"

As noted in Section A.2. above, the Eder multi-level hierarchy does not read on the claimed multi-level hierarchy.

L. Claim 12.

Claim 12 depends from claim 10. Therefore, for all of the reasons listed in Section J., Eder does not anticipate claim 12. Claim 12 is further independently patentable over Eder for the following reasons.

With respect to claim 12, the Examiner asserts that Eder "discloses the method according to Claim 10 wherein the outcome of the base case scenario includes a present financial value of the value stream (citing C12, L1-30; Revenue, expense and capital are indicative of financial value.)"

As noted in Section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

M. Claim 13.

Claim 13 depends from claim 10. Therefore, for all of the reasons listed in Section J., Eder does not anticipate claim 13. Claim 13 is further independently patentable over Eder for the following reasons.

With respect to claim 13, the Examiner asserts that Eder "discloses the method according to claim 10, wherein the first outcome includes a non-financial metric (citing C19, L27-30; Figure 5B; the first outcome can also include non-financial data.)"

As noted in Section C. above, Eder does not disclose the claimed methods related to expressing a non-financial outcome of a value stream in the form of a non-financial metric.

N. Claim 14.

With respect to claim 14, the Examiner asserts that Eder "discloses a system for processing data relating to the performance of a business enterprise in creating value, comprising; a memory device for storing a data structure including assumed variables that have an influence on a value stream of a the business enterprise, the assumed variables in said data structure being arranged in a multi-level hierarchy in which assumed variables positioned at a lower level in the hierarchy influence one or more assumed variables positioned at a higher level in the hierarchy (citing C11, L15-63; The "Value of current-operation" is comprised of components revenue, expense and capital, which are further comprised of sub-components. Thus the sub-components influence the components, which influence the value of current-operation.)"

As noted in Section A.1. above, Eder does not disclose methods related to determining outcomes of a value stream for a business enterprise.

As noted in A.2. above, the Eder multi-level hierarchy does not anticipate the claimed multi-level hierarchy.

The Examiner goes on to assert that Eder discloses a "means for authorizing a user to alter one or more of the assumed variables according to a level of the hierarchy in which the

assumed variables are positioned (citing C20, L14-22; C21, L34 - C22, L8; Users can alter the variables when performing the calculations.)"

As noted in A.4. above, Eder does not disclose methods related to authorizing users to alter variables related to a level of the hierarchy in which the assumed variables are positioned.

The Examiner goes on to assert that Eder discloses "a filter for selecting certain ones of the assumed variables and for selecting certain ones of the altered assumed variables (citing C12, L44-67; C16, L24-27; Figure 5A and 5B: The system selects certain variables for analysis and based on certain criteria may prompt the user for additional or altered data); and "a calculation engine for receiving the certain ones of the assumed variables and the certain ones of the altered assumed variables from the filter and for determining an outcome for the financial value stream of the business enterprise based on the certain ones of the assumed variables and the certain ones of the altered assumed variables (citing C6, L44-64; C23, L12-24; The system calculates the received variables and compares them with previously specified variables)."

None of the methods described in Eder include the functionality described in the claimed invention related to the assumption filter and calculation engine.

In contrast to Eder, the claimed invention enables users to selectively combine assumptions specified by management in a base case scenario, assumptions altered by other users, and assumptions the user has altered. In order to support this functionality, the claimed invention provides a filter that determines on a case by case basis, in accordance with choices made by a user, precisely which user or group assumptions will override and be used instead of the assumptions in the base case scenario.

The filtered assumptions are then presented to a calculation engine which contains the various formulae necessary to calculate financial and non-financial outcomes in accordance with the methods described in the pending application.

The cited references from Eder only describe the ability of users to alter variables. They do not describe the complex combination of variables from multiple users that are processed through a filter and calculation engine as described in the claimed invention.

For all of these reasons, claim 14 is not anticipated by Eder.

O. **Claim 15.**

Claim 15 depends from claim 14. Therefore, for all of the reasons listed in Section N., Eder does not anticipate claim 15.

P. **Claim 16.**

Claim 16 depends from claim 14. Therefore, for all of the reasons listed in Section N., Eder does not anticipate claim 16. Claim 16 is further independently patentable over Eder for the following reasons.

With respect to claim 16, the Examiner asserts that Eder "discloses the method according to claim 4, wherein the outcome of the base case scenario includes a non-financial metric (citing C19, L27-30; Figure 5B)."

As noted in Section C. above, Eder does not disclose the claimed methods related to expressing a non-financial outcome of a value stream in the form of a non-financial metric.

Q. **Claim 17.**

Claim 17 depends from claim 14. Therefore, for all of the reasons listed in Section N., Eder does not anticipate claim 17. Claim 17 is further independently patentable over Eder for the following reasons.

With respect to claim 17, the Examiner asserts that Eder discloses the system according to Claim 14, further comprising means for authorizing a plurality of users to alter one or more of the assumed variables according to a level of the hierarchy in which the assumed variables are positioned (citing C20, L14-22; C21, L34 - C22, L8; Users can alter the variables when performing the calculations).

As noted in Section A.4. above, Eder does not disclose methods related to authorizing users to alter variables related to a level of the hierarchy in which the assumed variables are positioned.

The Examiner goes on to assert that Eder discloses "means for determining alternate outcomes for the value stream of the business enterprise taking into account selected aggregations of the altered assumed variables wherein the selected aggregations are formed according to the stored identifications (citing C6, L44-64, C8, L1-30; C9, L53 - C10, L1; C10, L6-8; Figures 4, 5A, 5B, and 16: Users can track the changes they make in the system over time. User input is also stored in databases.)"

As noted in Section E. above, there is no suggestion in Eder that users are able to define and store in a database unique alternative scenarios to a base case scenario that are unique to each user, and combine variables drawn from the base case scenario and user-altered variables.

R. **Claim 22.**

Claim 22 depends from claim 18. Therefore, for all of the reasons listed in Section E., Eder does not anticipate claim 22. Claim 22 is further independently patentable over Eder for the following reasons.

With respect to claim 22, the Examiner asserts that Eder discloses the method according to claim 18, wherein the outcome of the base case scenario includes a non-financial metric (citing C19, L27-30; Figure 5B; The first outcome can also include non-financial data).

As noted in Section C. above, Eder does not disclose the claimed methods related to expressing a non-financial outcome of a value stream in the form of a non-financial metric.

For all of these reasons, Eder does not anticipate claim 22.

CONCLUSIONS

Applicants' invention is both novel and nonobvious over Eder for all of the various reasons set forth above. Eder does not teach each and every element of any of Applicants' claimed inventions.

For all of these reasons, Applicants respectfully assert that all of claims 1-22 are in condition for allowance. The Examiner's early reconsideration is respectfully requested. If the Examiner has any questions, the Examiner is invited to contact Applicants' attorney at the following address or telephone number:

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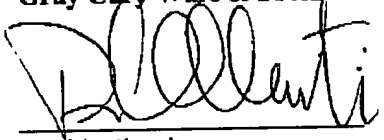

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